

THE CONSOLIDATED  
MINING AND SMELTING  
COMPANY OF CANADA  
LIMITED

*Annual Report 1961*



APR 2, 1962

# 56th Annual Report

*for the year ended December 31, 1961*

THE CONSOLIDATED MINING AND SMELTING  
COMPANY OF CANADA LIMITED

# The Consolidated Mining and Smelting Company of Canada Limited

Head Office: 215 St. James St. West, Montreal, Canada  
(After 19th April 1962: 630 Dorchester Blvd. W., Montreal, Canada)

## Directors

L. J. BELNAP	GORDON FARRELL	W. S. KIRKPATRICK*
A. L. BISHOP	R. D. HARKNESS	R. S. McLAUGHLIN
N. R. CRUMP*	G. A. HART	†R. H. McMASTER*
R. A. EMERSON*	R. HENDRICKS*	R. D. PERRY
R. E. STAVERT*	H. G. WELSFORD	

\*Member of Executive Committee

†DECEASED 3RD JANUARY, 1962

## Officers

R. E. STAVERT <i>Chairman</i>	W. S. KIRKPATRICK <i>President</i>	
N. R. CRUMP <i>Vice-President</i>	R. HENDRICKS <i>Executive Vice-President</i>	R. D. PERRY <i>Vice-President and General Manager</i>
G. A. WALLINGER <i>Vice-President and Comptroller</i>	W. G. JEWITT <i>Vice-President in Charge of Mines</i>	D. D. MORRIS <i>Assistant General Manager</i>
F. L. HALLAM <i>Secretary-Treasurer</i>	L. O. REID <i>Assistant Secretary</i>	K. E. CLARE <i>Assistant Treasurer</i>

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## Transfer Agents

THE ROYAL TRUST COMPANY, MONTREAL  
THE ROYAL TRUST COMPANY, VANCOUVER  
CANADA PERMANENT TORONTO GENERAL TRUST COMPANY, TORONTO  
BANK OF MONTREAL TRUST COMPANY, NEW YORK

## Registrars

MONTREAL TRUST COMPANY, MONTREAL  
MONTREAL TRUST COMPANY, VANCOUVER  
CROWN TRUST COMPANY, TORONTO  
CHEMICAL BANK NEW YORK TRUST COMPANY, NEW YORK





Drossing a kettle of refined lead at the Trail, B.C. lead refinery. After skimming the dross the molten lead will be pumped for casting into the 100-pound or one-ton pigs normally marketed. In May of 1962 the lead refinery will complete its 60th year of operation. When it was established in 1902 it was the first in the lead industry to use an electrolytic process. The first customer complaint was due to the product being "too pure". Since commencing operation the refinery, which has been enlarged several times, has produced over 6,600,000 tons of the metal. Its output was vital to allied nations in two world wars, and today, producing some 6% of the world's lead, it continues to be significant in Canada's domestic economy and export trade.



# Comparative Highlights

	1961	1960	1959	1958	1957
Sales of all products . . . . .	\$124,403,000	\$115,649,000	\$110,084,000	\$103,900,000	\$118,858,000
Net profit . . . . .	21,435,000	23,498,000	16,704,000	14,018,000	18,538,000
Net profit per share . . . . .	\$1.31	\$1.43	\$1.02	\$0.86	\$1.13
Dividends declared . . . . .	16,380,000	16,380,000	13,104,000	13,104,000	22,113,000
Dividends per share . . . . .	\$1.00	\$1.00	\$0.80	\$0.80	\$1.35
Depreciation . . . . .	10,307,000	9,700,000	9,392,000	9,599,000	9,536,000
Income, mining and property taxes . . . .	16,589,000	15,950,000	12,243,000	8,756,000	11,083,000
Working capital at year-end . . . . .	100,118,000	96,149,000	95,925,000	92,318,000	84,933,000
Cash and marketable securities . . . . .	63,320,000	65,704,000	66,580,000	56,946,000	57,631,000
Inventories of raw materials and products .	30,427,000	30,943,000	27,476,000	27,456,000	26,654,000
Net capital expenditures . . . . .	10,877,000	16,501,000	7,895,000	2,463,000	2,963,000
Number of employees at year-end . . . . .	7,521	7,351	6,985	7,101	7,291
Number of shareholders at year-end . . . .	34,234	35,007	34,481	34,073	32,881

## Output of Principal Products

YEAR	(1) Lead Short Tons	(1) Zinc Short Tons	(1) Gold Ozs.	(1) Silver Ozs.	Cad- mium Short Tons	Bis- muth Short Tons	(1) Tin Short Tons	Solid Fertilizer Short Tons	Liquid Fertilizer Short Tons
1894 to 1951 . . . . .	5,040,369	3,477,244	3,350,011	261,882,526	7,004	1,906	3,744	5,461,600	
1952 . . . . .	183,389	161,357	84,347	12,965,511	338	71	106	593,455	
1953 . . . . .	166,356	185,859	91,321	16,144,791	420	36	348	599,996	
1954 . . . . .	166,379	147,776	96,395	11,901,184	467	113	173	693,949	595
1955 . . . . .	149,795	190,910	89,071	10,082,187	759	80	252	678,802	10,193
1956 . . . . .	149,262	193,041	97,428	11,583,530	884	78	328	673,044	20,449
1957 . . . . .	144,017	189,295	95,403	10,877,532	901	73	400	630,622	32,373
1958 . . . . .	134,827	193,514	69,962	12,875,160	643	86	360	656,697	45,714
1959 . . . . .	140,881	194,499	66,117	9,367,029	838	91	246	620,162	56,046
1960 . . . . .	160,079	194,989	77,832	8,690,244	918	124	290	664,200	61,942
1961 . . . . .	172,365	193,649	66,169	8,816,141	963	152	399	651,339	63,189
1894 to date . . . . .	6,607,719	5,322,133	4,184,056	375,185,835	14,135	2,810	6,646	11,923,866	290,501

(1) Includes metal sold in unrefined products.

# DIRECTORS' REPORT

MONTREAL, P.Q., 8TH MARCH, 1962

*To the Shareholders of The Consolidated Mining and Smelting Company of Canada Limited.*

During the past year, production divisions of the Company operated substantially at capacity and products were successfully marketed, although profits were somewhat lower than in 1960.

The consolidated financial statements and Auditors' Report and other information covering the affairs of the Company for the year ended 31st December, 1961, follow.

## FINANCIAL

Consolidated revenue from all sources amounted to \$126,791,935 in 1961 compared with \$117,254,540 in 1960. Sales of products were \$124,403,168 compared with \$115,648,673 in 1960.

After providing for income and mining taxes and depreciation of plants, the consolidated net profit for the year was \$21,435,311 compared with \$23,497,740 in 1960. Regular dividends of 80¢ per share and extra dividends of 20¢ per share were declared amounting to \$16,380,386.

The reduced earnings were caused by decreases in the prices of lead and zinc, together with an increase in the provision for depreciation of plant and higher taxes, partly offset by improved returns from silver and fertilizers. Wage rates continued to rise and costs of operating supplies were higher than in 1960. Inventories at the year-end were slightly lower than at the end of 1960.

The revenue from export sales benefited by the increase in the value of United States and sterling funds in relation to Canadian currency. In 1961 the

average premium of the United States dollar over the Canadian dollar was 1-5/16% compared with a discount of 3-1/32% in 1960.

Consolidated net capital expenditures amounted to \$10,877,000. The larger items were Benson Lake concentrator \$2,751,000, urea plant \$598,000, increase in zinc roasting and leaching capacity \$1,440,000, and Wedge mine preparation for production \$941,000.

During the year, \$3,000,000 was transferred from Unappropriated Surplus to Appropriated Surplus. This latter account represents that portion of earnings retained in the business and invested in plant, property and other assets at the year-end.

At the 31st December, working capital amounted to \$100,118,000, an increase of \$3,969,000 during the year, accounted for as follows:

### Sources:

Net Profit.....	\$21,435,000
Add: Charges deducted in determining net profit not requiring an outlay of funds:	
Depreciation.....	10,307,000
	<u>\$31,742,000</u>

### Applications:

Dividends declared.....	\$16,380,000
Net capital expenditure.....	10,877,000
Increase in deferred charges.....	411,000
Net increase in sundry non-current items.....	105,000
	<u>\$27,773,000</u>
Increase in working capital.....	<u>\$ 3,969,000</u>



## METAL PRODUCTION AND SALES

Lead production was 172,365 tons compared with 160,079 tons in 1960. A substantial part of this production was obtained by drawing down inventories of lead ores and concentrates to normal levels. The Zinc Department continued to operate at capacity, producing 193,649 tons compared with 194,989 tons in 1960. The combined lead-zinc production of 366,014 tons was derived approximately 66% from Sullivan concentrates, 14% from concentrates from other company mines, 7% from retreatment of stockpiles of zinc plant residues and lead blast furnace slag, and 13% from purchased ores and concentrates. In 1961, these purchased materials were obtained principally from Canadian shippers and cost \$6,813,000 compared with \$6,303,000 in 1960.

Although free world consumption of lead and zinc in 1961 was 4% to 5% higher than in 1960, markets were characterized by abundant supplies, severe competition and low prices. The United States import quota system remained in effect throughout the year, and other trade restrictions continued to trouble segments of the industry. The United States Tariff Commission reviewed the competitive situation of lead and zinc in 1961 and found no grounds for a formal investigation which might lead to changes in tariffs or import quotas. Development of commercial sales in Korea and India was restricted by deliveries of United States metal under Government aid programs for underdeveloped countries.

Average prices of both metals were lower than in 1960 in all major markets and tended downwards during the year. In 1961, the grade premiums for zinc were reduced in most markets as a result of the highly competitive situation. Average prices on the London Metal Exchange during 1961 were: zinc 9.86¢ and lead 8.14¢ compared with 10.86¢ and 8.77¢ respectively, in 1960. Year-end prices were: zinc 9.41¢ and lead 7.92¢, all in Canadian currency per pound.

Cominco shipments of lead and zinc in 1961 were substantially in balance with production, the total exceeding that for the previous year. During the first half of the year, sales in North America continued below expectations because of decreased consumption, but compensating increases were achieved in off-shore markets. Of the total lead and zinc sold in 1961, about 24% was to Canada, 30% to the United States, 34% to the United Kingdom, and 12% to other countries.

In August, the United States Government contracted to purchase 55,000 tons of lead from Cominco for its supplemental stockpile, using funds generated from disposal of surplus agricultural commodities. About half of this had been shipped by the year-end, the balance to follow during the first six months of 1962.

Silver production was 8,816,141 ounces, compared with 8,690,244 ounces in 1960. Sales increased substantially over 1960 and stocks at the year-end were considerably reduced. The United States price was constant at 91 $\frac{3}{8}$ ¢ per ounce until late November when the Treasury discontinued sales of free silver. The price thereupon rose sharply to 100 $\frac{3}{4}$ ¢, later climbing gradually to close the year at 104 $\frac{3}{4}$ ¢.

Production of gold was 66,169 ounces compared with 77,832 in 1960. All gold was sold on the free market during 1961 at prices somewhat higher than obtainable from the Canadian Mint.

The iron plant at Kimberley commenced operation in January and achieved its rated capacity in April without any abnormal difficulties, production for the year being 32,049 tons.

Sales of indium, other high purity metals and electronic materials in all forms were about 10% higher than in 1960. Early in the year, the production of certain electronic materials was transferred from Trail to the wholly-owned American subsidiary, Cominco Products, Inc., in Spokane, Washington, to provide improved customer service.

Sales of bismuth, cadmium, tin concentrates and miscellaneous metallurgical products were satisfactory.

## CHEMICAL AND FERTILIZER PRODUCTION AND SALES

Solid fertilizer production totalled 651,339 tons compared with 664,200 tons in 1960, and liquid fertilizer production totalled 63,189 tons compared with 61,942 tons. Despite the lower gross tonnage, the plant food content of the 1961 production was almost equal to that of 1960 because of the higher average analysis of the products.

Combined sales of solid and liquid fertilizer materials increased over the previous year. Canadian sales reached an all-time high, with a substantial gain on the Prairies where drought conditions were offset to some extent by an improved economic outlook resulting from anticipated increase in wheat exports. Similarly, sales in the United States showed considerable improvement over the previous two years. After some approach to a balance between supply and demand in North American markets,



recent announcements of new plants and expansions indicate that highly competitive sales conditions will continue.

Offshore market possibilities were restricted as a result of exclusion of foreign suppliers from participation in sales to underdeveloped countries where the funds were provided by United States Government aid programs. Consequently, competition from Japanese and European producers sharply reduced prices in remaining markets. However, some sales were made to Korea, Pakistan, Mexico, Hawaii, the Philippines and Central and South America, in line with availability of materials.

The urea plant at Calgary which went into operation in 1960 has demonstrated its capability of exceeding designed capacity. The quality of its various products is satisfactory. Sales to Canada, the United States and Pakistan took the full fertilizer output of the plant. Some feed-grade urea was produced and initial sales made to Canadian consumers. Facilities have been installed at Calgary and Trail for the production of a liquid fertilizer containing urea and ammonium nitrate, and other fertilizers incorporating urea have been investigated.

The chlor-alkali plant at Trail for the production of chlorine and caustic soda began operation early in the year and satisfactorily met the requirements of Celgar Ltd. for their new pulp mill located near Castlegar, British Columbia.

Sales of ammonium nitrate for making NCN explosive were greatly expanded and it is expected that new developments in this field will result in a steadily increasing demand. Production and sales of other chemical products were normal.

## MINING AND EXPLORATION

The tonnage of ore extracted from the Sullivan mine at Kimberley, British Columbia for the year 1961 was 2,462,000 tons compared with 2,522,600 in 1960. Work continued on the installation of a new lower-level crushing chamber and extension to the conveyor system. Completion is expected early in 1962.

Production from the Bluebell lead-zinc mine at Riondel, British Columbia was 253,000 tons compared with 255,600 in 1960. An extensive program of cementation is being carried out to control the water flows encountered in lower-level development. At the H. B. zinc-lead mine near Salmo, British Columbia, production totalled 473,000 tons compared with 464,400 in 1960.

The Con mill at Yellowknife, Northwest Territories, treated 193,000 tons in 1961 compared with

190,600 in 1960. The ore treated was made up of 119,000 tons averaging 0.52 ounces of gold per ton from the Con mine and 73,000 tons averaging 0.75 ounces from the adjoining mine owned by Rycon Mines Limited, a subsidiary company.

The phosphate mines in Montana produced 437,000 tons of phosphate rock to meet requirements of the Trail and Kimberley fertilizer operations compared with 403,500 in 1960. Open-pit ore reserves at the Anderson mine were exhausted during the year and the adjoining Brock mine was brought into production.

On Vancouver Island, underground development is proceeding at the mine owned by the Coast Copper Company Limited, a subsidiary. Construction of a 750-ton mill by Cominco at Benson Lake to treat this ore is proceeding on schedule and production of copper concentrates is expected to commence by mid-1962.

As stated at the annual meeting last year, it was decided to bring into production the Company's Wedge copper mine in New Brunswick. Arrangements were made with Heath Steele Mines Limited to use half of their mill to treat Wedge ore at the rate of about 750 tons per day. The necessary construction and development work have been completed and operation commenced in January 1962.

Late in 1961, Pine Point Mines Limited, a subsidiary, reached agreement with the federal government regarding construction of a railway from Grimshaw to Great Slave Lake with a branch line to its lead-zinc property. By the terms of the agreement Cominco undertakes to cause Pine Point Mines Limited to be provided with funds sufficient to bring its mine into production by the 31st December, 1966, the estimated date of completion of the railway. The cost of this undertaking is estimated to be about \$20,000,000, but no decision has been reached as yet by Pine Point Mines Limited with respect to the financing. Cominco continues to act as manager and agent of Pine Point Mines Limited in the development of this property.

An active and wide-spread program in search of new mines was continued in Canada and the United States. Out of 117 properties examined, 10 were optioned. Company prospectors or engineers staked an additional 12 properties. Surface development work including approximately 83,000 feet of diamond drilling was carried out on 38 properties.

Underground exploration programs were carried out at 2 properties. In British Columbia the old Red Bird exploration adit in the Salmo area was rehabilitated and underground drilling carried out to test for an occurrence of lead-zinc ore. In the



Yellowknife area, drifting and diamond drilling were continued on the N'Kana property adjoining the Con-Rycon mines. Sufficient encouragement was obtained in both these properties to warrant further investigation in 1962. At the Duncan Lake lead-zinc property in the Lardeau District of British Columbia, surface drilling completed in 1961 extended the zone of mineralization.

## RESEARCH AND DEVELOPMENT

The research facilities of the Company were further enlarged during the year and additions were made to research and development staffs which, at the present time, total more than 200. Of these about 150 are university graduates including engineers of nearly every category, as well as chemists, physicists, geologists, metallurgists, agriculturists, economists and mathematicians.

Throughout 1961, emphasis continued to be directed towards increasing the consumption of the Company's present products, particularly lead and zinc. Research was undertaken in the corrosion-resistant properties of these metals and the development of new surface finishes including an anodizing process for zinc on which patents were granted in Canada, the United States and the United Kingdom. These patents are being assigned to the American Zinc Institute for commercial development. New alloys for zinc extrusion were developed in our laboratories. The Company continued to participate in co-operative research programs with lead and zinc trade associations. The sale of our metal products in new physical forms to suit consuming industries was achieved on the basis of Company research.

In the search for profitable new products, effort was again placed on the study of materials for the electronics industry. As a result of research, pilot plant production of three new semiconductor compounds was commenced and, at the year-end, construction had started on a unit to produce materials for thermoelectric cooling. These various new products have received favourable consumer acceptance.

Research designed to improve the efficiency of the Company's operations will benefit from an electronic computer installed during 1961 to facilitate statistical and mathematical analyses.

## ENGINEERING AND CONSTRUCTION

Construction of the pig iron plant at Kimberley and the chlor-alkali plant at Trail was completed

early in 1961. During the year construction of a concentrator and surface facilities at Benson Lake and of surface facilities at the Wedge mine advanced satisfactorily. At Trail, good progress was made on a \$3,000,000 revision of the electrolytic zinc plant to provide for the recovery of zinc from additional purchased concentrates, replacing that from stock-piled residues. This project is scheduled for completion in the second quarter of 1962.

An automatic proportioning and conveying system was installed to deliver the charge to the lead blast furnaces. This replaced the tramway that had been in use for many years. In the lead refinery, mechanical sheet hanging equipment has been introduced. Production from the Trail natural gas ammonia plant has been increased by modification of the compressors. These and numerous smaller projects have improved the economy and efficiency of the operations.

All plants were well maintained and further economies were made by the extension of preventive maintenance procedures.

## POWER

The Company's hydroelectric plants on the Kootenay and Pend-d'Oreille rivers operated satisfactorily throughout the year with water flows adequate for power requirements. Energy generated amounted to 2,698 million kwh compared with 2,424 million in 1960, an increase of 11%, principally caused by the demands of the iron plant at Kimberley and the pulp mill of Celgar Limited near Castlegar. Sales of power to the West Kootenay Power and Light Company, Limited and the British Columbia Power Commission continued to increase. The program of automation of the Kootenay river plants was continued with satisfactory results. A third 90-mw capacity generating unit was ordered for installation at the Waneta plant on the Pend-d'Oreille river and is scheduled for operation early in 1963.

On several occasions, poles on the transmission lines serving the Trail operations were dynamited, presumably by members of a Doukhobor sect. There have been a number of similar occurrences from time to time over many years but recently there has been a sharp increase in frequency and severity. The authorities are experiencing great difficulty in controlling these flagrant exhibitions of lawlessness.

## PERSONNEL

Adequate labour was obtained for all operations. The number of employees was increased by the development of new mines and associated construc-



tion, the total on the active roll at the year-end being 7,521 compared with 7,351 twelve months earlier. At the end of 1961, the Company had 49 employees with over 40 years service and 1,623 with over 25 years service.

There were no wage negotiations in 1961 at Trail, Kimberley, Bluebell or H. B. operations in British Columbia, at Con mine or at the phosphate mines in Montana, because of the continuation of three-year agreements, all of which expire in 1962. At the Calgary plant and Benson Lake on Vancouver Island, one-year contracts were negotiated during the year. A four-year contract was established at the Wedge mine in New Brunswick, effective 1st July, 1961.

At the 31st December, the Pension Fund which provides non-contributory pensions to retired employees amounted to \$43,535,000. During the past year, 93 pensions were granted bringing the number of employees who have retired on service pensions since the inception of the scheme to a total of 1,516. At the end of the year, 912 former employees and widows of former employees were receiving pensions compared with 860 at the end of 1960.

The Company's accident prevention policy was pursued aggressively throughout the year. In 1961 there were 149 lost-time accidents compared with 147 in 1960 which was the lowest year on record. Despite this small increase the number of accidents per million manhours worked was at an all-time low. A number of large departments and many smaller units completed the year with no lost-time accidents.

## GRADUATE RESEARCH FELLOWSHIPS

As a contribution towards the advancement of scientific knowledge in Canada, the Company recently announced a \$150,000 fellowship program to assist graduates working toward advanced degrees at Canadian universities. The program will be administered by the Canadian Universities Foundation of Ottawa, and will provide 50 fellowships worth \$3,000 each, awarded at the rate of 10 per year between 1962 and 1966. Graduate students in pure science, engineering and agriculture can qualify for these fellowships.

## STAFF CHANGES

On the 1st November, 1961, Mr. H. T. Fargey, formerly Manager of Metal Sales Division, was appointed to the new position of General Sales Manager where he will have responsibility for the

marketing of the Company's products. Mr. A. V. Marcolin succeeded Mr. Fargey as Manager of Metal Sales Division.

Mr. G. S. Ortner was appointed Manager, Personnel Division on the 1st July, 1961, and Mr. R. E. Walton was appointed Manager, Purchasing Division, on the 1st October, 1961, on the retirements of Mr. P. F. McIntyre and Mr. A. L. Irwin, respectively. Both Mr. McIntyre and Mr. Irwin gave many years of valued service to the Company.

## DIRECTORS

On the 6th March, 1961, Mr. Robert A. Emerson, Vice-President of the Canadian Pacific Railway Company, was elected to the Board of Directors to fill the vacancy caused by the death of Mr. William A. Mather.

It is with deep sorrow that we record the death on the 3rd January, 1962 of Mr. R. H. McMaster. Mr. McMaster became a Director of the Company in April 1929, and a member of the Executive Committee of the Board in April 1939. In March 1946, he was elected Vice-President of the Company, a position which he held until April 1951. During his many years of service with the Company, Mr. McMaster was always keenly interested in its growth and progress. His wide experience and interest in the development and economic growth of Canada were of particular value to the Company. His wise counsel and sound advice will be sorely missed.

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It is expected that during April 1962, the Head Office of the Company will be transferred from 215 St. James Street West to 630 Dorchester Boulevard West, Montreal.

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The Directors wish to record their appreciation of the co-operation and efficient service of the employees throughout the Company's entire organization.

On behalf of the Board,



President.

# The Consolidated Mining and S

And its Wholly-Owned

## Consolidated BALANCE SHEET

With Comparative

### Assets

	1961		1960
<b>Current Assets:</b>			
Cash . . . . .	\$ 4,190,173	\$	4,179,800
Notes, loans and other short term investment contracts	32,919,120		28,913,315
Government and municipal bonds at cost or lower (market value: 1961, \$25,984,249; 1960, \$32,746,638)	26,210,853		32,610,607
Accounts receivable and accrued revenue, less allow- ance for doubtful accounts . . . . .	19,898,441		14,340,817
Prepaid charges . . . . .	4,593,171		4,148,857
Inventories of raw materials and products, valued at cost or market, whichever is lower . . . . .	30,426,721		30,942,935
Stores and materials, valued at cost less depreciation .	7,495,021	\$125,733,500	7,087,875 \$122,224,206
<b>Investments and Sundry Non-Current Assets:</b>			
Unconsolidated subsidiary companies:			
Shares . . . . .	12,293,186		12,290,036
Bonds . . . . .	48,600		48,600
Advances . . . . .	3,116,088		2,955,922
	15,457,874		15,294,558
Less accumulated depreciation of investments in un- consolidated subsidiary mining companies . . .	5,577,315		5,577,315
	9,880,559		9,717,243
Shares in other companies . . . . .	306,015		306,015
Deferred charges . . . . .	692,731		281,692
Sundry loans and accounts receivable . . . . .	757,080	11,636,385	639,987 10,944,937
<b>Property, Buildings and Equipment:</b>			
Mines, mineral rights and mining investments at cost (including shares in other mining companies: 1961, \$1,791,732; 1960, \$1,715,996) and land, buildings and equipment at cost, less depreciation written off and sales at realized prices . . . . .	152,284,052		146,139,641
Less accumulated depletion and depreciation . . .	85,221,248	67,062,804	79,481,390 66,658,251
		\$204,432,689	\$199,827,394



# ing Company of Canada Limited

subsidiary Companies

T as at 31st December, 1961

figures for 1960

## Liabilities

	1961		1960
<b>Current Liabilities:</b>			
Accounts payable . . . . .	\$ 9,652,914	\$	9,039,995
Accounts payable to unconsolidated subsidiary companies . . . . .	126,221		109,567
Estimated income and mining taxes payable . . . . .	7,632,377		8,719,941
Dividends payable . . . . .	8,203,624	\$ 25,615,136	8,205,250 \$ 26,074,753
<b>Accumulated Tax Reductions Applicable to Future Years . . . . .</b>		50,000	50,000
<b>Shareholders' Equity:</b>			
Capital:			
Authorized 20,000,000 shares of no par value: issued and fully paid 16,381,645 . . . . .	23,966,890		23,966,890
Insurance reserve . . . . .	3,937,169		3,927,182
Appropriated surplus . . . . .	94,000,000		91,000,000
Unappropriated surplus . . . . .	56,863,494	178,767,553	54,808,569 173,702,641
<b>Commitments and Contingent Liabilities:</b>			
	1961	1960	
Commitments under construction in progress estimated not to exceed . . . . .	\$2,200,000	\$ 800,000	
Sundry guarantees, commitments and claims (estimated)	1,400,000	1,600,000	
Undertaking to cause Pine Point Mines Limited to be provided with funds sufficient to bring its mine into production by 31st December, 1966 with a capacity of 215,000 tons of concentrates annually.			
On behalf of the Board:			
R. E. STAVERT } W. S. KIRKPATRICK } <i>Directors</i>	\$204,432,689		\$199,827,394

The Consolidated Mining and Smelting Company of Canada Limited  
and its Wholly-Owned Subsidiary Companies

## Consolidated Statement of Profit and Loss

For the year ended 31st December, 1961

(With comparative figures for 1960)

	1961	1960
Sales of products . . . . .	\$124,403,168	\$115,648,673
Other revenue . . . . .	2,388,767	1,605,867
	<hr/> 126,791,935	<hr/> 117,254,540
Cost of sales:		
Raw materials and products on hand at beginning of period . .	30,942,935	27,476,211
Production, selling and general expenses (legal remuneration 1961, \$104,223; 1960, \$128,681) . . . . .	75,289,458	69,829,406
Customs ores and other materials purchased . . . . .	9,225,042	7,786,584
Executive officers' fees and remuneration . . . . .	379,750	352,130
Directors' fees and remuneration . . . . .	20,240	20,960
	<hr/> 115,857,425	<hr/> 105,465,291
Deduct raw materials and products on hand at end of period . .	30,426,721	30,942,935
	<hr/> 85,430,704	<hr/> 74,522,356
	<hr/> 41,361,231	<hr/> 42,732,184
Add:		
Income from investments . . . . .	4,134,930	3,874,175
Net profit from sale of securities . . . . .	246,516	291,541
	<hr/> 45,742,677	<hr/> 46,897,900
Deduct:		
Provision for depreciation of plant and equipment . . . . .	10,307,366	9,700,160
Provision for income and mining taxes . . . . .	14,000,000	13,700,000
	<hr/> 24,307,366	<hr/> 23,400,160
Net Profit, Carried to Unappropriated Surplus Account . .	<hr/> <u>\$ 21,435,311</u>	<hr/> <u>\$ 23,497,740</u>



## Consolidated Statement of Earned Surplus

As at 31st December, 1961  
(With comparative figures for 1960)

	1961	1960
<b>Appropriated Surplus Invested in the Company's Undertakings:</b>		
Balance at beginning of period . . . . .	\$ 91,000,000	\$ 80,000,000
<i>Add:</i>		
Transfer from unappropriated surplus . . . . .	3,000,000	11,000,000
<b>Balance at end of period, per balance sheet . . . . .</b>	<b>\$ 94,000,000</b>	<b>\$ 91,000,000</b>
	<hr/>	<hr/>
<b>Unappropriated Surplus:</b>		
Balance at beginning of period . . . . .	\$ 54,808,569	\$ 58,691,173
<i>Add:</i>		
Net profit per statement of profit and loss . . . . .	21,435,311	23,497,740
	76,243,880	82,188,913
<i>Deduct:</i>		
Appropriation for dividends, \$1.00 per share in 1961 (1960 — \$1.00) . . . . .	16,380,386	16,380,344
Transfer to appropriated surplus . . . . .	3,000,000	11,000,000
<b>Balance at end of period, per balance sheet . . . . .</b>	<b>\$ 56,863,494</b>	<b>\$ 54,808,569</b>
	<hr/>	<hr/>

# Auditors' Report

## Statement as to Unconsolidated Subsidiary Companies

Except to the extent of dividends received from unconsolidated subsidiary companies and additions made to the allowance for depreciation of investments in subsidiary mining companies, neither profits nor losses of unconsolidated subsidiaries, so far as they concern the holding company, have been dealt with in the accounts of the holding company for 1961 or prior years. For 1961 the excess of the holding company's proportion of profits over the dividends received is greater than its proportion of losses of unconsolidated subsidiary companies for which no allowance has been made. The balances of profits (less dividends) and losses, as well as development and maintenance expenses of certain unconsolidated subsidiary mining companies which were not in production, are carried forward in the accounts of the subsidiary companies.

VANCOUVER, B.C., FEBRUARY 26, 1962.

HELLIWELL, MACLACHLAN & Co.,  
*Chartered Accountants.*



## Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of The Consolidated Mining and Smelting Company of Canada Limited and its wholly-owned subsidiary companies as at December 31, 1961, and the related statements of profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination has included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, according to the best of our information and the explanations given to us and as shown by the books of the companies, the balance sheet and the related statements of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company and its wholly-owned subsidiary companies as at December 31, 1961, and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

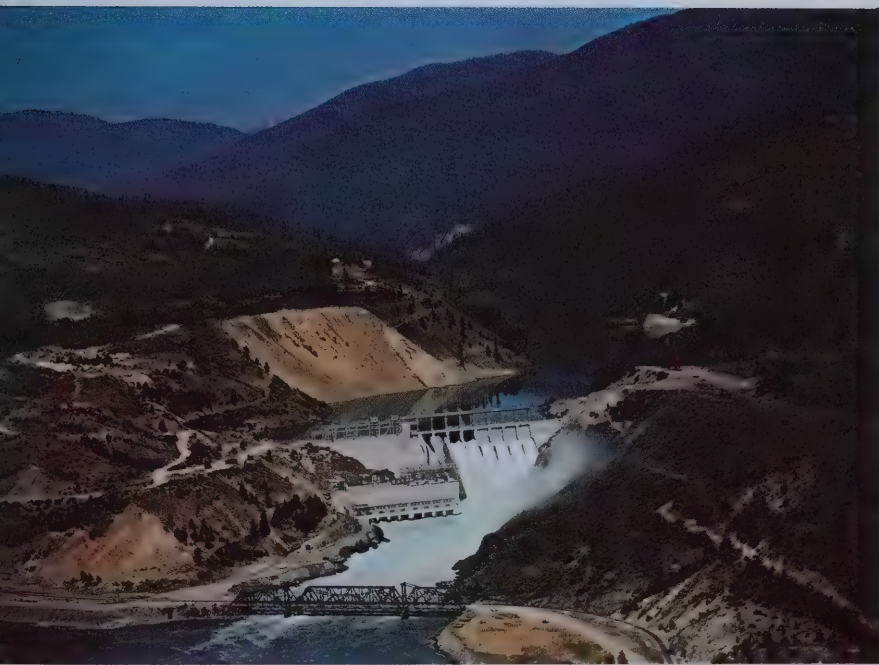
VANCOUVER, B.C., FEBRUARY 26, 1962.

HELLIWELL, MACLACHLAN & Co.,  
*Chartered Accountants.*



→

Chemical and fertilizer plants of the Company at Calgary, Alberta. This operation utilizes natural gas to produce ammonia, fertilizer grade ammonium nitrate and urea. The most distant cluster of buildings comprise the urea plant, which began operation in 1961. Urea is a high nitrogen chemical which has important agricultural and industrial uses.



←

The Waneta power plant, on the Pend-d'Oreille River, south of Trail, B.C. A few hundred feet downstream from the plant the Pend-d'Oreille joins the Columbia as it enters the U.S. Waneta was completed in 1954 with an installed capacity of 240,000 h.p. An additional generating unit of 120,000 h.p. is being installed to meet the Company's increasing power requirements. The plant, together with others on the Kootenay River, serves all Company operations in south-eastern B.C.

→

Operations at Kimberley, B.C. Red buildings at centre comprise the iron plant, which began producing pig iron early in 1961. Lead-zinc-iron ore from the Sullivan mine is concentrated at the plant at the right background. Part of the iron concentrates storage is visible. Light buildings in the foreground are units of the ammonium phosphate fertilizer plant at Kimberley.



# Divisions

## Chemical and Fertilizer

E. A. G. COLLS, *Manager* . . . . . Trail, B.C.

## Comptroller's

G. A. WALLINGER, *Vice-President and Comptroller* . . . . . Montreal, P.Q.  
E. G. RANDALL, *Assistant Comptroller* . . . . . Trail, B.C.

## Engineering

J. V. ROGERS, *Manager* . . . . . Trail, B.C.

## Legal

C. H. B. FRERE, *General Solicitor* . . . . . Montreal, P.Q.  
M. H. MASON, *Assistant General Solicitor* . . . . . Trail, B.C.

## Metallurgical

R. R. McNAUGHTON, *Manager* . . . . . Trail, B.C.

## Mines and Exploration

W. G. JEWITT, *Vice-President in Charge of Mines* . . . . . Trail, B.C.  
B. E. HURDLE, *Manager of Mines* . . . . . Trail, B.C.  
R. J. ARMSTRONG, *Manager of Exploration* . . . . . Trail, B.C.

## Personnel

G. S. ORTNER, *Manager* . . . . . Trail, B.C.

## Purchasing

R. E. WALTON, *Manager* . . . . . Trail, B.C.

## Research and Development

A. O. WOLFF, *Director of Research and Development* . . . . . Montreal, P.Q.  
A. D. TURNBULL, *Manager of Research and Development* . . . . . Trail, B.C.  
J. F. M. DOUGLAS, *Manager of Market Research* . . . . . Montreal, P.Q.  
E. H. GAUTSCHI, *Manager of Sales Development* . . . . . Montreal, P.Q.

## Sales

H. T. FARGEY, *General Sales Manager* . . . . . Montreal, P.Q.  
A. V. MARCOLIN, *Manager of Metal Sales* . . . . . Montreal, P.Q.  
A. WILKINSON, *Manager of Chemical and Fertilizer Sales* . . . . . Montreal, P.Q.  
B. R. LOVE, *General Traffic Manager* . . . . . Montreal, P.Q.

# Products

## Metals

Lead • Zinc  
Bismuth • Cadmium  
Indium • Gold  
Silver • Antimonial Lead  
Pig Iron

## Fabricated Metal Products

Zinc Extrusions  
Cadmium and Zinc Plating Anodes  
Zinc Anodes for Cathodic Protection

## Electronic Materials

*High Purity Metals\* (99.999% and 99.9999% Pure)*

Aluminum • Antimony  
Arsenic • Bismuth  
Cadmium • Indium  
Lead • Silver  
Tin • Zinc

### *Compound Semiconductors\**

Indium Antimonide  
Indium Arsenide

High purity gold and aluminum preforms also available.

*\*Available in fabrications to customers' specification.*

## Chemical Fertilizers

Ammonium Sulphate  
Ammonium Nitrate  
Urea  
Anhydrous and Aqua Ammonia  
Nitrogen Solutions  
Ammonium Phosphates  
Ammonium Nitrate-Phosphates  
Complete Fertilizers  
Ammonium Phosphate Solutions  
Phosphoric Acid

## Chemicals

Ammonia • Urea  
Chlorine • Caustic Soda  
Sulphuric Acid • Oleum  
Sulphur Dioxide

TADANAC BRAND  
COMINCO BRAND  
ELEPHANT BRAND

are registered  
trade marks of the Company





→ An engineer operates an arc melting furnace in a Cominco research laboratory during an experimental metal study. Expanded research programs cover a wide range of basic and applied research, and product and process development.



← Tapping slag from a lead blast furnace at the Trail, B.C. metallurgical plants. The slag assays about 18% zinc and 2.5% lead. These metal values are recovered in a further processing step called slag fuming. Lead bullion, tapped nearby, is refined further to produce lead, silver and other by-product metals.

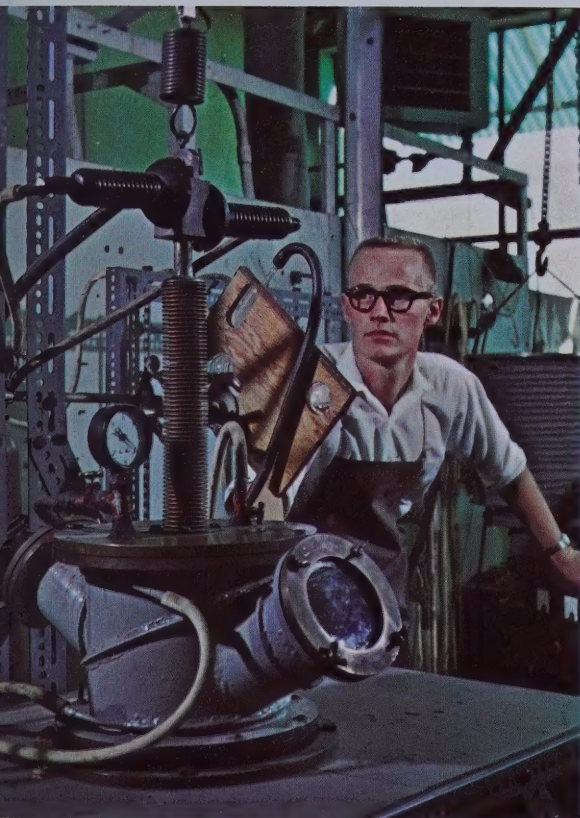


→ Casting pig iron for market at the Company's new Kimberley, B.C. plant. The iron, having previously been tapped from an electrothermic reduction furnace, will emerge from the semi-automatic casting machine in pigs weighing about 30 pounds. An important feature of the new plant is precise quality control.



← A view across the tops of electrolytic cells which produce chlorine and caustic soda, part of the chlor-alkali plant completed at Trail, B.C. in 1961. Raw materials used are salt, obtained from the Canadian prairie, and electric energy from Company installations. The plant was established to supply the requirements of the bleached kraft pulp operation of Celgar Limited, at nearby Castlegar.





Drilling for a new underground crushing chamber in the Sullivan mine, Kimberley, B.C. The installation of crushing and conveyor equipment will be completed in 1962. This development was undertaken to provide economical handling of ore in a newly-opened section of the mine.



View at the Trail, B.C. metallurgical plants shows the production of zinc by electrolysis. In the final processing step metallic zinc is plated out of a zinc sulphate solution onto "starting sheets". The deposit of zinc on each sheet is removed daily, melted and cast into a form suitable for customers' handling. There are 2,200 electrolytic zinc cells at Trail.





## Principal Active Subsidiary Companies

### Wholly Owned

#### **Cominco Products, Inc. — Spokane, Washington, U.S.A.**

Markets all Cominco fertilizers and certain other products in the U.S.A. and manufactures and markets preforms for the electronics industry.

#### **Montana Phosphate Products Company — Garrison, Montana, U.S.A.**

Holds reserves of phosphate rock and mines and ships to Trail and Kimberley, B.C., as required by Cominco's fertilizer operations.

#### **National Hardware Specialties Limited — Dresden, Ontario**

Owns and operates a zinc die-casting plant and through its subsidiary, Luster Corporation of Canada Limited, operates a plating plant at Wallaceburg, Ontario.

### Others

#### **West Kootenay Power and Light Company, Limited — Trail, B.C.**

Owns and operates a hydro-electric power plant and distribution system providing public utility service within a radius of 150 miles from Rossland, B.C., and operates Cominco's power plants under management agreement.

#### **Pacific Coast Terminals Co. Ltd. — New Westminster, B.C.**

Owns and operates storage warehouse and dock facilities at New Westminster, B.C., and at Port Moody, B.C. Operates bulk loading facilities owned by its subsidiary, Pacific Coast Bulk Terminals Limited.

#### **Rycon Mines Limited — Yellowknife, N.W.T.**

Owns a gold mine which Cominco operates under agreement in conjunction with its adjoining Con mine in the Northwest Territories.

#### **Coast Copper Company Limited — Trail, B.C.**

Owns a copper property on Vancouver Island being prepared for production in mid-1962.

#### **Sunro Mines Limited (N.P.L.) — Trail, B.C.**

Owns a copper property on Vancouver Island leased to Cowichan Copper Company, who expect to start production early in 1962.





**COMINCO**